



# NIGERIAN MARKET INVESTMENT: OPPORTUNITIES AND CHALLENGES

By

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## Nigeria's Position in Africa Map

Nigeria is centrally located on the Africa map virtually equidistant to all the other geographical regions of Africa, hence an excellent location to build businesses that would spiral out in concentric circles to envelope the rest of the continent.



# Nigerian Market Investment: Opportunities and Challenges

- \_\_\_\_\_ A colossal network of both ancient and modern cities
- \_\_\_\_\_ Some of the most densely populated areas in Africa
- \_\_\_\_\_ A plural society of over 300 ethnic groups, the three largest being the Hausa, Igbo and Yoruba

# Background on Nigeria and the Nigerian Market

Nigeria is considered a middle-income economy as well as an emerging market with expanding manufacturing, financial, service, communications, technology, and entertainment sectors (USAID, 2017).

Nigeria is ranked as the twenty-seventh economy in the world going by nominal GDP and as the twenty-fourth largest when it comes to purchasing power parity, PPP (The World Bank, 2017).

Nigeria has the largest economy in Africa. The country's re-emergent manufacturing sector became the largest on the continent in 2013, and it produces a large proportion of goods and services for the ECOWAS region (KPMG, 2020).

Nigeria's population as of 2014 was put at about 212 million people (Akinyemi and Isiugo-Abanihe 2014).

Nigeria has a rapidly expanding consuming middle class concentrated mostly in cities. Side by side with the unprecedented fast expansion of the Nigerian middle classes is their increased spending capacity.

# Extent and Potentials of the Nigerian Market: Viewing the Big Picture

Of the about 350 million people in the ECOWAS region in 2014, those residing in Nigeria were put at 212 million making up 60% of the population of the entire ECOWAS region.

With an annual population growth rate of 2.54 - 3% Nigeria is roughly the same population as western Europe (i.e., the United Kingdom, Germany, France, Netherlands, Belgium, Austria, Switzerland, Ireland, & Luxembourg) and would surpass western Europe after 2023.

Nigeria has one of the youngest populations in the world. As of February 2022, half of the Nigerian population is aged under 19 years; about 65% are under 30 years.

According to the UN, Nigeria's population is expected to surpass that of the US by 2050 and the country could be the world's third most populous by the end of this century.

Internet service providers' data shows that at present, two-thirds of Nigeria's population is connected to the internet.

Among Nigeria's, huge and growing population is one of the fastest-growing and consuming middle classes in Africa with increased spending capacity.



# CHALLENGES OF INVESTMENT IN THE NIGERIAN MARKET



# 1. Infrastructure-Related Challenges

- I – Power Supply
- II – Transportation
- III- E-Commerce Infrastructure/ Supply Chain Infrastructure

## 2. Governance-Related Challenges

- Regulations
- Corruption
- Ease of Doing Business
- Inefficiency – the ports, the airports, the riverports, the refineries, etc.





### 3. Finance and Market Related Challenges

- Access to Finance
- Market Risks

## 4. The Challenge of Insecurity

The Islamist insurgency in Northern Nigeria (BH and five other terror organizations)

Diffused Fulani Herdsmen Militia Terror Attacks

Kidnappings

Resource Control Militant Agitation in the Niger Delta

OPPORTUNITIES  
OF INVESTMENT  
IN THE  
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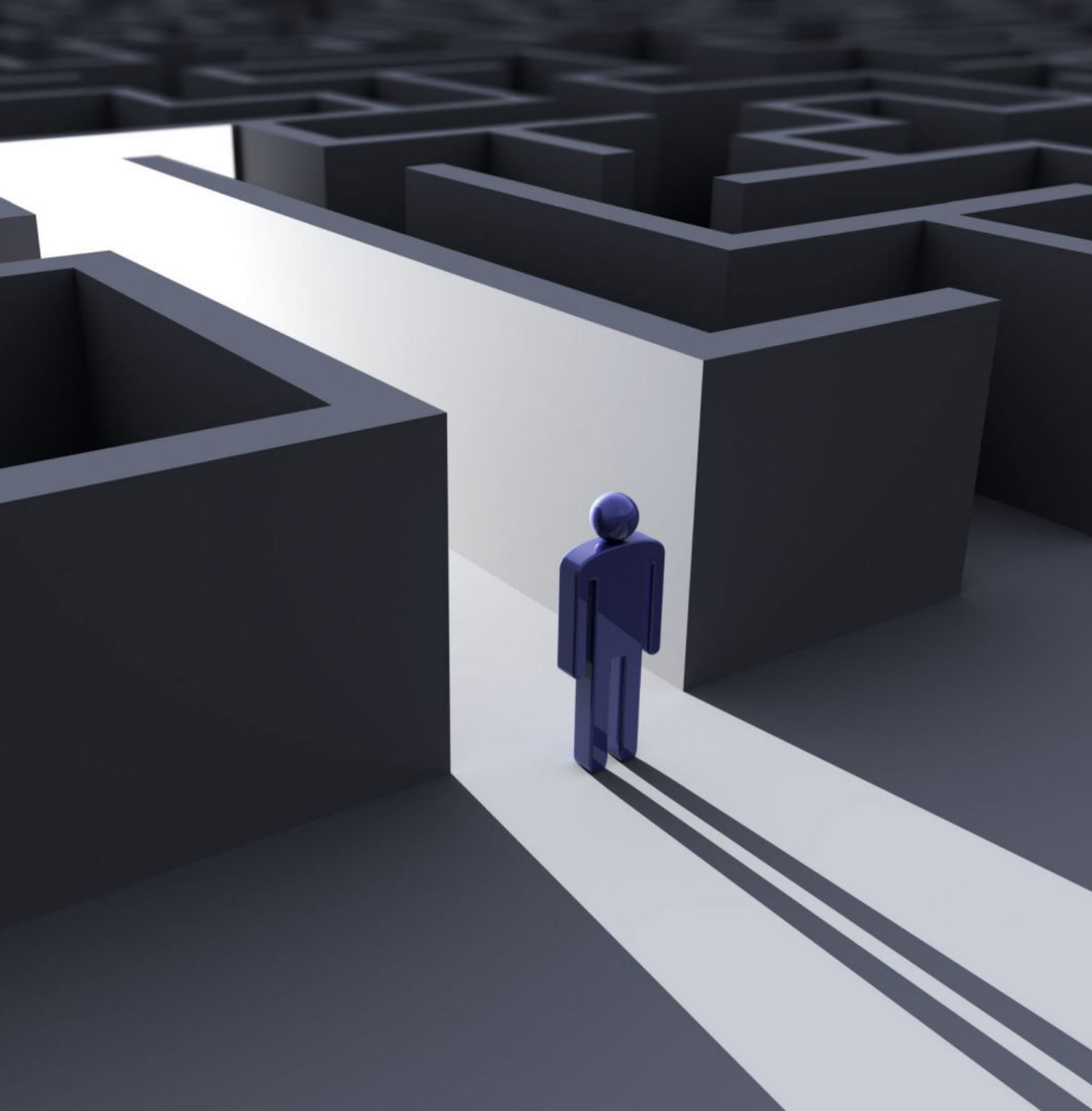
# Why Africa? Why Nigeria?

In the emergent post-pandemic world order, the ever-present possibility of further disruptions such as the war in Ukraine and threats of disruptions in natural resources supply chains would continue to underscore the importance of Africa as an alternative source of natural resources and energy supply and would translate to further earnings to the continent.

Similarly, the progressively rising middle class in Africa would mean a higher purchasing power for the middle class in Africa and a goldmine for international business investment

With over one billion people and the largest and most rapidly growing youth population in the world, Africa would soon surpass the People's Republic of China as the largest market in the world as well as the location with the lowest cost of goods and services production. This is significant especially at a time that foreign companies and firms are beginning to leave the People's Republic of China and to seek to open production bases elsewhere.

Nigeria is at the centre of all the foregoing dynamics on the African continent.



# THE OPPORTUNITIE S

# 1. AGRO- ALLIED SECTOR



Export crop production. E.g.,  
Palm oil, Beans, Cashew,  
Cocoa, Ginger, Sesame, etc.



Hides and skin from lambs,  
cattle, and sheep for leather  
production



Domestic food-crop  
processing/production



## 2. E-COMMERCE

- Higher capacity e-commerce platforms
- Online payment platforms
- Logistics Companies
- Warehousing
- ETC.

# 3. EDUCATION

- Education tourism is the largest form of tourism that Nigerians engage in (followed by health tourism)
- Nevertheless, right now, there are 43 accredited Federal Universities, 52 State Universities and 79 privately owned universities in Nigeria, making a total number of 174 Universities.
- With the youthful population demographics of Nigeria, this area presents huge prospects for investors to tap into the appetite of Nigerians for better quality education hence their massive engagement in education tourism. Nigerians would willingly pay higher for education if the same educational conditions abroad are provided domestically.
- Other levels of education such as the high school and primary levels also have huge potential for rewarding investments





## 4. FILM INDUSTRY

- The Nigerian film industry is the fastest-growing film industry in the world, producing hundreds of brilliant movies and over 2500 yearly
- Nollywood, as it is called, is the second-largest film industry in the world in the number of annual film productions, placing it ahead of the United States and behind only India
- Nollywood as of 2013 was worth over Five billion US dollars.
- Rising Nollywood guarantees a huge return on investments.
- Nollywood currently partners with streaming services including Netflix and is providing limitless opportunities for investors.
- The market for cross-cultural movies is high locally and internationally

## **5. HALAL BUSINESSES –**

Based on ways of life  
deemed permissible  
under Islamic law  
(Nigerian population is  
about 45% Muslim)

- Halal Banking
- Halal Cosmetics
- Halal Fashion
- Halal Foods
- Halal Tourism
- Sundry Halal Products

# 6. IMPORT MARKET



- Consumer Goods Importation
- Haulage Companies
- Raw materials importation
- Vehicle and Machine Spare parts importation

## 7. MANUFACTURING

- I – Automobiles – Motorcycles, Tricycles, light vehicles, heavy vehicles
- II – Household goods
- Export-oriented manufacturing for the larger African market

## 7. MEDICAL

- I - Specialist Hospitals employing ultra-modern techniques for therapies, surgeries, etc. – This could take over the thriving medical tourism industry and domesticate it.
- II – There is also a lucrative medical supplies market in the Nigerian medical industry

## 9. PARTNERSHIPS

Business partnerships  
with local businesses

Joint ventures with state  
governments

Partnerships with  
Expatriate businesses

## 10. PHARMACEUTICALS

- Accessories like face masks, surgical gloves, PPEs, sanitisers
- Cosmetics
- Drug-making
- Drug importation
- Nutritional supplements
- ETC.



# 11. REAL ESTATE

## Leveraging the Huge Mortgage Market and the Housing Market



# RETAIL

- Consumer retail chains in Nigeria are currently dominated by:
  - Indians
  - Lebanese
  - South Africans
- There remains much scope for competitive investments that leverage the growing consumer discontent with the services they receive from these retail chains and Taiwanese investors can creatively fill the gap.



## 12. SOLID MINERALS

Nigeria has a vast array of solid mineral deposits with substantial investments already made by both the states and individuals including several foreigners. Lucrative investment opportunities exist at various levels of the value and supply chains

Though the solid mineral potential of Nigeria is yet to be fully mapped and evaluated, among the already identified solid mineral deposits in several states of Nigeria are: -

Asphalt,

Bitumen,

Brown Coal,

Coal,

Copper,  
Gold,

Iron Ore,

Lead,

Limestone

Manganese,

Molybdenum,

Rare Metals  
(Niobium,  
Tantalum)

Tin Ore,

Tungsten,

Uranium,

Zinc

## 13. TOURISM

- Nigeria has enormous potential for virtually any form of tourism with an abundant population to drive them even exclusively domestically.
- Investors would only need the right motivation and information.
- Tourism in Nigeria is one more multibillion-dollar industry that is waiting for inspired investments to bloom.



# 14. TRANSPORTATION



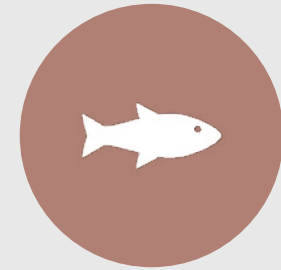
AIR



RAIL



ROAD



RIVER/SEA



# I. Navigating the Problems

The Issue of Governance-Related  
Challenges

The Issue of Infrastructure  
Deficits

The Issue of Insecurity

The Issue of the Market and  
Finance



## II. Mastering the Prospects

- Leveraging the **huge demographics and market potential**
- Leveraging the **ECOWAS free trade area and free movement protocol**
- **Leveraging the AfCFTA** - African Continental Free Trade Area created by agreement among 54 of the 55 African Union countries. The free-trade area is the largest in the world in terms of the number of participating countries since the formation of the World Trade Organization
- **Leveraging the AGOA** - The African Growth and Opportunity Act, or AGOA was approved by the U.S. Congress in May 2000. The stated purpose is to assist the economies of Africa and improve economic relations between the United States and Africa.





# LOOKING AT THE HORIZON

THE FUTURE  
OF TAIWAN-  
NIGERIA  
INVESTMENT

THE FUTURE  
OF TAIWAN-  
AFRICA  
INVESTMENT



THANK YOU FOR LISTENING